

Semiannual Report to the Congress

October 1, 1997 - March 31, 1998



Office of Inspector General
U.S. General Services Administration

Foreword

This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the 6-month reporting period that ended March 31, 1998.

During this reporting period, we continued our emphasis on conducting broad-based reviews of major GSA programs and operations. For example, we reviewed GSA's progress in upgrading the security of Federal buildings. This included looking at the control and installation status of security equipment, security countermeasures, and the use of funds allocated to make enhancements. This review led to the issuance of several alert reports to surface significant concerns requiring management's immediate attention. We also made recommendations to help GSA with the conversion of computer systems to operate in the year 2000 and beyond. In addition, we reviewed the accuracy of GSA's rent billing data, the increased use of credit cards to pay for needed supplies and services, and the adequacy of procurement personnel qualifications.

We identified over \$32 million in financial recommendations on how funds could be put to better use and in other program savings. In addition, 242 referrals were made for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 7 successful prosecutions. The OIG also reviewed 236 legislative and regulatory matters and received 1,384 Hotline calls and letters. Savings achieved this period from management decisions on audit financial recommendations, civil settlements, and investigative recoveries totaled over \$45 million.

The OIG also continued its efforts to work closely with GSA management to identify and implement sound business management and operational improvements and find ways to increase the efficiency and effectiveness of the Agency's programs and operations. We enhanced our offerings of consulting and other value-added services. We have received a steadily increasing number of requests for these non-traditional services, reflecting management's acceptance of them as constructive tools helping them to make sound business decisions. We also continued to provide our more traditional services to protect the integrity of GSA programs.

I want to take this opportunity to thank the GSA Administrator, GSA's senior managers, and the Congress for their support. I also want to commend the OIG's employees for their continued professionalism, dedication, and willingness to accept new challenges in an environment of ever-increasing demand for both traditional and non-traditional work products.



WILLIAM R. BARTON
Inspector General

April 30, 1998

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Summary of OIG Performance

OIG Accomplishments

October 1, 1997 - March 31, 1998

Total financial recommendations \$32,271,075

These include:

• Recommendations that funds be put to better use \$16,383,263

• Questioned costs \$15,887,812

Audit reports issued 107

Referrals for criminal prosecution, civil litigation, and administrative action 242

Results Attained

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$45,323,106

Indictments and informations on criminal referrals 8

Cases accepted for criminal prosecution 12

Cases accepted for civil action 8

Successful criminal prosecutions 7

Civil settlements 4

Contractors suspended/debarred 50

Employee actions taken on administrative referrals involving GSA employees 7

Executive Summary

During this period, we expanded our efforts to provide professional assistance through enhanced consulting services, and the use of alert reports designed to quickly inform management of potentially serious deficiencies or other concerns prior to completion of all analytical work and formal report issuance. These services have been added while we continue to offer our more traditional services, including program evaluations, contract and financial auditing, internal controls reviews, investigative coverage, and litigation support in contract claims, civil fraud and enforcement actions, and criminal prosecutions.

Program/Operational Reviews

The OIG continued its efforts to conduct large-scale reviews of major programs and operations throughout GSA's various components. During this period, we continued our review of GSA's efforts to upgrade security at Federal facilities. Based on concerns raised in our audit work, we issued three alert reports and a separate audit report to management. These reports addressed inaccuracies in installation status reporting on security equipment and the misuse of security enhancement funding. One alert report disclosed that almost \$2 million of security equipment purchased for GSA's enhanced security program was on hand with no immediate plans for installation (page 11). Another report revealed that security at many of one region's Federal facilities had not been upgraded to minimally acceptable standards. Also, the database did not accurately represent the status of the upgrade effort (page 12). The third alert report covering three other regions stressed the need for GSA to ensure that security countermeasures at all Federal buildings are accurately reported and completed (page 13). Furthermore, a review of the use of funds disclosed that GSA expended approximately \$375,000 allocated to security enhancements for other purposes. Consequently, we recommended that the funds be restored to the security-upgrading project (page 14). Management has taken positive steps in response to these reports and is initiating corrective action. We are continuing our review and will be monitoring the Agency's efforts in this critically important area (page 15).

Other program reviews reported on: findings that a project to ready office space in connection with the 1997 Presidential Inaugural was inadequately managed and that project costs exceeded the prospectus threshold requirements in contravention of the Public Buildings and Antideficiency Acts (page 16); determining which computer systems are critical and need to be prioritized for conversion to operate in the year 2000; and enhancing the monitoring of GSA's progress for planned system conversions (page 18). In addition, we made recommendations to improve the accuracy of GSA's rent billing data (page 20). Furthermore, we reviewed systems used by hotels and car rental companies to directly bill GSA for employee travel expenditures. We found that controls are adequate to ensure that GSA only pays direct-billed charges for lodging and car rentals. However, we did recommend control improvements to ensure that charges for legitimate business travel, taxes, and rates are correct, that vendors are not paid twice, and that travelers are not reimbursed for direct-billed charges (page 23). In another review, we found that the Agency needs to ensure that the training and experience requirements for procurement personnel are met (page 23), and needs to include performance standards as part of the contract administration function (page 24). We also reported

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in a review of a regional Customer Supply Center that GSA was satisfactorily meeting customer needs for popular supply items and did so with adequate controls to protect assets (page 25).

We also evaluated the administration and operation of a regional commercial facilities management contract, and recommended improvements in the administration of the contract which would improve services to client agencies and at the same time lower costs (page 3). In addition, we made recommendations to improve the management of guard contract services by improving controls over the award process and ensuring that required training is completed before new guards are allowed to work (page 4).

We completed three significant internal audits at the request of management. In one report on contract workload management, we reported that while some improvements to workload management had been made, further improvements were needed to automate key activities of scheduling and performance assessment (page 8). The second report involved a review of a major customer's shipment discrepancy reports. We found that the GSA customer's receiving and processing procedures contributed to the numerous adjustment requests (page 8). Our third report supported GSA's plans to consolidate the Federal Protective Service's various regional security control center functions into four megacenters, which would allow them to support their dispatch functions. We did, however, recommend a continuation of the regional dispatch capability to address natural disasters, and pointed out that many alarm systems still need to be upgraded (page 8).

Consulting Services

At the request of Agency management, we continued to provide our consulting services to cover a range of GSA activities cutting across all GSA components. We suggested ways to improve shipping information provided to vendors (page 6); surveyed realty specialists and client agencies to determine their satisfaction with a new lease acquisition program (page 6); analyzed procurement practices and sales data for special order procurements (page 6); and evaluated a performance indicator and its validity for allocating costs (page 7). In addition, we analyzed financial reports of prospective vendors seeking award of an electric power contract (page 7); assessed the accuracy of data within a management information system (page 7); and examined a GSA payment process to determine whether vendor payments are being made in a timely manner (page 7).

Procurement Integrity

An important part of our work effort is to provide support to the Agency's contracting officers and to protect the integrity of GSA's procurement programs and operations by detecting and preventing fraud, waste, and abuse. This period, based on our audit and investigative work, several private sector contractors agreed to pay a total of over \$4 million to resolve potential civil liability under the False Claims Act (page 2). These contractors provided a wide array of products and services, such as water treatment chemicals for heating and cooling systems, office systems furniture, hospital-grade disinfectants, and computer hardware and software. The settlements

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involved allegations that they had misrepresented their commercial discount practices in seeking and performing under GSA contracts, in violation of the False Claims Act and other statutory and contractual provisions.

Summary of Results

The OIG made over \$32 million in financial recommendations to better use Government funds, and in other program costs savings; made 242 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 236 legislative and regulatory actions; and received 1,384 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling \$45 million. See page v for a summary of this period's performance.

Emerging Issues and Concerns

We continue our practice of highlighting emerging issues and matters of particular concern. One previously reported matter remains of continuing concern: an issue relating to the Agency's authority to compromise debt, particularly as it relates to the ability of the Inspectors General to seek authoritative and binding resolutions of legal disputes with their Agencies (page 26).

OIG Profile

The GSA OIG was established on October 1, 1978 as one of the original 12 OIGs created by the Inspector General Act of 1978. The OIG's five components work together to perform the missions mandated by the Congress.

Organization

The OIG provides nationwide coverage of GSA programs and activities. It consists of:

- **The Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive audit coverage of GSA operations through program performance reviews, internal controls assessments, and financial and mandated compliance audits. It also conducts external reviews to support GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. To increase its ability to meet customer needs, the office has added advisory and consulting services to its service offerings.
- **The Office of Investigations**, an investigative unit that manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations, and personnel.
- **The Office of Counsel to the Inspector General**, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative/regulatory review functions.
- **The Internal Evaluation Staff**, an in-house staff that plans and directs field office appraisals and conducts internal affairs reviews and investigations.
- **The Office of Administration**, an in-house staff that provides information systems, budgetary, administrative, personnel, and communications services.

Office Locations

The OIG is headquartered in Washington, D.C., at GSA's Central Office building. Field audit and investigations offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, and Washington, D.C. Sub-offices are also maintained in Auburn, Cleveland, and Los Angeles.

Staffing and Budget

The OIG started Fiscal Year (FY) 1998 with a total on-board strength of 289 employees. As of March 31, 1998, our on-board strength was 280 employees, with recruitment actions underway to bring us to a level of 304.

The OIG's FY 1998 budget was approximately \$33.8 million.

Procurement Activities

GSA is responsible for providing working space for almost 1 million Federal employees. GSA, therefore, acquires buildings and sites, constructs facilities, and leases space, and also contracts for repairs, alterations, maintenance, and protection of Government-controlled space. GSA also operates a Governmentwide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We review these procurements both on a preaward and postaward basis to ensure that the taxpayers' interests are protected.

Significant OIG Accomplishments

Over \$4 Million in Civil Recoveries

During this period, the Government entered into 4 settlement agreements in which companies agreed to pay a total of over \$4 million to resolve their potential civil liabilities under the False Claims Act. These agreements, negotiated by representatives of the Department of Justice and the GSA OIG, reflect the ongoing efforts of the OIG to pursue cases involving procurement fraud and other practices which threaten the integrity of the Government's procurement process.

Many of these cases involved procurements under GSA's Multiple Award Schedule (MAS) program. Under this program, GSA negotiates contracts with a number of vendors who may then sell covered products to Federal agencies at established contract prices. Consistent with the provisions of the Truth in Negotiations Act and the Competition in Contracting Act, the process is based on the principles of full and open disclosure and fair negotiations. Vendors must provide current, accurate, and complete pricing information--including information about discounts granted their most favored commercial customers--during contract negotiations. Relying on this information, GSA contracting personnel then seek to obtain the best possible prices for the Government. In cases where vendors fail to provide current, accurate, or complete information, the Government may pay artificially inflated prices for products and services purchased. Highlights of these cases follow.

- A company that supplies water treatment chemicals for heating and cooling systems and boiler fuel oil additives to Federal customers under an ongoing MAS contract agreed to pay \$1,798,274 to resolve its potential civil False Claims Act liability. The Government alleged that the company failed to accurately disclose its commercial discounting policies to GSA negotiators, and, as a result, Federal customers have been paying too much for the company's products since the inception of the contract. The OIG audit found that despite disclosures claiming virtually no regular discounts were offered to any of its commercial customers, except minimal discounts to its most favored customer, the company actually had offered numerous high regular discounts to many of its customers. The audit also found numerous examples of price reduction violations--the failure to pass along to the Government, as required by the contract, reductions in prices granted to specified customers during the contract period--as well as minor overbillings.
- A company that manufactures office systems furniture agreed to pay \$1,250,000 to settle its potential civil False Claims Act liability. The Government alleged that during negotiations for its MAS contract, the company failed to fully and accurately disclose to GSA negotiators its discounting and pricing practices with its

Procurement Activities

commercial customers, as required by the contract. The OIG audit revealed that, both prior to and during the Federal contract, the company granted numerous discounts to its commercial customers which were significantly higher than those disclosed to GSA. The settlement was reached after a mediation before an independent arbitrator.

- A company that provides hospital-grade disinfectants agreed to pay \$989,314 to settle the Government's claims that it failed to provide accurate data to GSA when it negotiated its MAS contract, overcharged Federal customers, and failed to pass along to the Government price reductions granted to commercial customers, as required by the contract. The OIG audit and investigation revealed that the company had in place, both prior to and during the course of the Government's contract, an undisclosed, extensive free goods and credit program which resulted in significantly higher effective discounts for many of its commercial customers than had been disclosed to GSA negotiators.
- A reseller of information technology hardware and software agreed to pay \$400,000 to settle an action brought pursuant to the *qui tam* provisions of the False Claims Act. These provisions allow individuals to bring suit, on behalf of themselves and the Federal Government, against contractors who submit false claims to the Government. In this case, the private party who originally brought the action on behalf of the Government alleged that the company had failed to fully disclose the nature and extent of the discounts and rebates it received from its suppliers. The OIG audit and investigation confirmed the allegations and found that the failure to fully disclose resulted in the Government paying more than it should have for the company's products. The private party received \$68,000 out of the total \$400,000 paid by the company, as is allowed under the False Claims Act.

Commercial Facilities Management Contract

In one region, GSA assumed responsibility for a 1.6 million square foot building on October 1, 1995, and engaged a contractor to manage the facility. According to a customer satisfaction survey, there has been an overall improvement in client satisfaction with the building's operation. However, based on our evaluation, we found that GSA has an opportunity to further improve services and lower costs.

Our examination of the administration and operation of the regional Commercial Facilities Management (CFM) contract, that provides management services in this building, pointed out that the contractor did not furnish all of the equipment maintenance and janitorial services at the frequencies and quality level required by the contract. The contractor had no effective quality assurance program in place. Moreover, it was necessary for GSA personnel to manage some of the day-to-day operations of the building and perform quality assurance inspections, which were contractual duties of the contractor. Improved administration of the contract would have resulted in the expenditure of fewer GSA resources and enhanced services to the client agencies.

Procurement Activities

During our review, we found that the heating, ventilation, and air conditioning equipment, and the lighting in the building were unnecessarily operating around the clock all year long. We issued an alert report to the Regional Administrator on October 6, 1997 to bring to his immediate attention the opportunity to save over \$700,000 in reduced electricity costs, and to recover a portion of the \$2 million of overtime services costs.

The March 11, 1998 audit report recommended that the Regional Administrator:

- Enforce the terms of the contract.
- Develop an hourly overtime usage rate and charge tenant agencies for additional services requested.
- Implement a conservation program for the building immediately.

Regional management agreed with our recommendations. The audit is still in the resolution process.

Guard Services Contract

The use of contract guards is one of the strategies employed by GSA to accomplish its mission to develop and economically implement security programs for property controlled by the Agency.

Our evaluation of guard service procurements in one region revealed that GSA needs to increase management controls over the award process. The contract files do not meet the minimum documentation requirements established by the Federal Acquisition Regulation (FAR), and do not, therefore, adequately support price reasonableness and award determinations. Additionally, new guards are often allowed to work before completing required training, potentially exposing Government personnel and property and the public to undue risk.

The March 12, 1998 audit report recommended that the Assistant Regional Administrator:

- Ensure that the documentation standards mandated in the FAR are met.
- Assure that contractors meet the pre-employment training provisions of the guard services contract.

Regional management agreed with our recommendations. The audit is still in the resolution process.

Procurement Activities

Theft of Government Property

On December 2, 1997, a member of a volunteer rescue squad was sentenced in U.S. District Court to 5 years probation and ordered to pay restitution of \$10,538 after pleading guilty to conversion of public property.

The conviction resulted from a joint OIG and Defense Criminal Investigative Service investigation that was initiated when it was alleged the rescue squad was acquiring Federal surplus property for the personal use of its members. The investigation revealed that one of the members of the squad converted for his own benefit Federal surplus property obtained from a State agency. During the investigation, this member returned property with a fair market value of \$44,442 to that agency.

Partnering with GSA Management

Value-Added Assistance Services

During this period, the OIG continued to provide value-added professional assistance to GSA through consulting services and standard audit reports. Our expanded services provide timely and specific information sought by managers for improving decision-making, program outputs, and mission accomplishment. These efforts not only help the Agency become more efficient and effective, but provide management with a faster response through innovative methods to develop and deliver results. The following highlight the nature and breadth of some of our customer-oriented services.

Consulting Services. These efforts epitomize a partnering relationship with management. They are initiated by requests from management, not by the OIG; management defines and limits the scope of the project. Information objectively developed by the OIG is provided within a 60-day turnaround response time frame for the interpretation and discretionary use of the requesting official, and the final product is distributed to the requesting official only. Our reports contain no formal recommendations, only observations and alternatives for consideration. Consulting projects completed this period include:

- **Frustrated Freight** - The Agency requested that we assist in identifying why a substantial number of shipments destined for Department of Defense activities overseas were arriving at consolidation points with no clear indication of the ultimate consignee. We determined that the cause of this freight problem was vendors shipping materials with incomplete address information. In our October 3, 1997 report, we suggested ways to improve shipping instruction information provided to the vendors. This should not present major difficulties for GSA, and yet would ensure that shipments can be delivered to the ultimate consignee.
- **Customer Satisfaction with the Advanced Acquisition Program (AAP)** - The OIG was asked to survey realty specialists and client agencies in one region to determine their satisfaction with AAP, a relatively new program initiated to expedite the acquisition of leased space under 10,000 square feet. This program's objective is to fulfill client space needs promptly by using pre-evaluated and pre-negotiated inventory of space ready for occupancy. Our survey results presented to management on October 27, 1997 reported that both realty specialists and customer agencies are generally pleased with the program, particularly the timeliness of the leasing actions and the quality of the buildings offered under the program.
- **Procurement Practices for Non-Stock Items** - Management officials in one region asked the OIG to determine if the procurement process could be enhanced for high priced or frequently requisitioned items, which are not held as normal inventory supply stock and are purchased by special ordering procedures. In addition, management needed to know what portion of sales were made to the Department of Defense compared to civilian agencies, and what portion of sales were made to

Partnering with GSA Management

overseas and to domestic customers respectively. An extensive analysis of the Purchase Order Procurement Information Database enabled us to provide the information management requested in our report dated November 24, 1997.

- **Performance Indicator of Operating Costs** - The OIG was asked to evaluate and determine in one region if the performance indicator - operating cost per \$100 of sales value - could be used as a reasonable basis to allocate identifiable operating costs to the division's two primary branches. Our December 5, 1997 study concluded that, with some minor modifications, the metric indicator reflects a reasonable basis for allocation of costs. After completion of this project, we continued to work with regional management, at their request, to develop specifications for database queries.
- **Financial-Related Data for Purchase of Electric Power** - The OIG was requested by a contracting officer in one region to determine whether companies bidding for an electric power contract demonstrated any material weaknesses that might adversely impact their financial responsiveness in performing the requirements of the contract. The Agency's retail purchase of electricity results from ongoing deregulation of electric utilities nationwide. Our January 20, 1998 report provided an analysis of numerous financial reports to reveal some issues that could have future impact on fulfillment of the contract terms and conditions.
- **Accuracy of Management Information System** - Management officials in one region requested that the OIG assess the accuracy of data within a recently implemented management information system. Additionally, management needed to know if the system is adequately safeguarded. Our March 25, 1998 report concluded that some data inaccuracies do exist in the system and that the data security could be strengthened. Because our analysis enabled us to determine the reasons for the inaccuracies, we were able to suggest actions to alleviate the problem. We also concluded that management must determine the level of system security necessary.
- **Timely Payment to Vendors** - The OIG was requested by one region's management to examine and document a payment process and determine whether payments are being made timely. The payment process involved invoice authorization, certification and payment procedures flowing between GSA Finance, an external data entry facility, and fleet maintenance vendors. Our March 30, 1998 report concluded that untimely payments were occurring primarily when vendors delayed submission of invoices for payment. Upon receipt of timely and valid invoices, GSA is promptly paying the vendors within 30 days of receipt of an invoice, approximately 95 percent of the time. Although our analysis showed the payment process to be effective, we did observe that some potential procedural enhancements to the overall process could be made to further streamline document and information handling to result in time and cost savings.

Partnering with GSA Management

Management Requests. In response to requests from GSA managers for reviews, we performed audits of specific activities of particular concern. During this period, we issued three standard audit reports that had been initiated at management's request:

- **Workload Management** - The OIG was requested by GSA management to follow up on a workload management review performed by our office in 1992. Since then, a number of organizational changes have been made within the Agency. In our July 1992 audit, we reported that several procurement personnel assigned to the Agency's MAS contracting program were overwhelmed by their workloads. Moreover, management had little information available to assess workloads, measure individual productivity, or more effectively schedule resources and monitor progress of work assignments. We also reported that contracting officers did not have adequate training and procurement reference material to help in performing their duties.

In our follow-up audit, we determined that while some improvements have been made, workload measure insufficiencies we previously identified still exist. We did note, however, that guidance, reference material, and training for the contract officials has improved.

Our March 30, 1998 audit report recommended that the Commissioner, Federal Supply Service:

- Ensure that the planned automation contains sufficient data to manage the contracting process.
- Establish goals in order to assess acceptable levels of performance.

The Commissioner agreed with the recommendations in the report. The audit is still in the resolution process.

- **GSA Customer Shipments** - Management officials in one region were concerned that a major customer had filed a large number of shipment discrepancy reports and requested the OIG to determine why this was happening, and how it could be controlled. We determined that the customer's receiving and processing procedures contributed to the numerous adjustment requests. We also established that a large number of the discrepancy reports submitted were duplicate or unsupported. The customer has revised its receiving and processing procedures, which should eliminate invalid discrepancy reports. Therefore, our November 25, 1997 report made no recommendations.
- **Megacenter Dispatch Services** - The primary functions of regional control centers are to dispatch Federal Protective Officers in response to emergency situations in and around GSA-controlled facilities, and to monitor and respond to various types of property security alarms.

Due to concerns that the control centers' performance levels had degraded over time because of budgetary and personnel constraints, the Agency initiated an

Partnering with GSA Management

assessment of the function. The March 1993 consultant's report on GSA's control center program concluded that GSA was operating the control centers in a manner placing GSA at significant risk because of personnel shortages, conflicting guidance, inadequate facility maintenance, and outdated hardware/software systems. The report suggested that GSA consolidate control center responsibilities to achieve appropriate economies of scale, introducing the megacenter concept. GSA plans to consolidate most control center functions into four megacenters, situated in strategic locations throughout the country. Because the functions to remain at the regional dispatch sites are generally incidental in nature, these sites will not have to be continuously staffed and may be closed at a later date.

Our review, performed at the request of one Regional Administrator, determined that the megacenters will have the capability to effectively perform the dispatch functions of the various control centers, thereby obviating the need for regional dispatch sites.

The January 30, 1998 report recommended that the Commissioner, Public Buildings Service:

- Have regions develop appropriate contingency plans to continue the dispatch function during natural disasters.
- Ensure that technological upgrades to alarm systems required for megacenter compatibility are identified and accomplished as soon as possible.

Management concurred with the recommendations. The audit is still in the resolution process.

Reviews of GSA Programs

GSA is a central management agency that sets Federal policy in such areas as Federal procurement, real property management, and telecommunications. GSA also manages diversified Government operations involving buildings management, supply facilities, real and personal property disposal and sales, data processing, and motor vehicle and travel management. In addition, GSA manages 197 accounting funds and provides cross-servicing support for client agencies. Our audits examine the efficiency, effectiveness, and integrity of GSA programs and operations and result in reports to management. Our internal audits program is designed to facilitate management's evaluation and improvement of control systems by identifying areas of vulnerability and providing informational and advisory services.

Significant OIG Accomplishments

Security Enhancements in Federal Buildings

On April 19, 1995, the Alfred P. Murrah Federal Office Building in Oklahoma City was destroyed by a bomb. This terrorist act resulted in the death of 168 Federal employees and visitors, and significant injuries to hundreds of individuals. The next day, President Clinton directed the Department of Justice (DOJ) to assess the vulnerability of Federal office buildings in the United States, particularly to acts of terrorism and other forms of violence. The United States Marshals Service (USMS) coordinated the study based on its expertise in court security.

The USMS assembled Standards and Profile Committees. The Standards Committee divided Federal holdings into five security levels and then determined the minimum standards that could be applied to each level. The levels were established based on criteria of tenant population, public contact volume, facility size, and agency sensitivity. The Profile Committee was tasked with surveying existing security conditions at Federal facilities and identifying future security enhancements and related costs. USMS deputies and GSA physical security specialists conducted the survey.

On June 28, 1995, DOJ issued the Vulnerability Assessment of Federal Facilities report. DOJ's principal conclusion was that the typical Federal facility, at each security level, lacked some of the elements required to meet the new minimum standards. DOJ's principal recommendation was that, where feasible, each Federal facility should be brought up to the minimum standards. Depending on the security level and feasibility of installation, security upgrade countermeasures could include: x-ray screening of all mail and packages, closed circuit television, perimeter lighting, contract guards, and magnetometer or x-ray screening at public entrances. DOJ further recommended that Building Security Committees (BSCs) be established as a formal mechanism for addressing security concerns at each facility. The BSCs consist of representatives from all Federal agencies occupying a building, with assistance provided by a GSA physical security specialist.

In FY 1997, Congress authorized GSA to fund \$240 million of Federal building security enhancements. GSA allocated these funds to its regions based on specific BSC-requested countermeasures, as documented by each region in the Building Security Committee System (BSCS). Therefore, if a countermeasure was recommended by a BSC, approved in the region and put into the BSCS, the region received funding for the countermeasure from Central Office.

Reviews of GSA Programs

In FY 1997, the OIG started a review of GSA's upgrading of security at Federal facilities. During this review, we noted several items of significant concern which we felt warranted immediate reporting to management. Three alert reports and a separate audit report were provided to management in this semiannual reporting period. The reports addressed idle security enhancement equipment, inaccurate installation reporting status data, and the misuse of enhancement funding. Each is discussed below.

Inventory of Uninstalled Security Equipment

Almost \$2 million of security equipment, purchased for GSA's enhanced security program, was in inventory with no immediate plans for installation. This has occurred due to a lack of coordination among GSA security personnel, customer agency officials, and commercial property representatives.

In July 1997, while performing audit fieldwork for our review of GSA's Security Enhancement program, we found that one region had significant amounts of security enhancement equipment, including x-ray screening devices, walk-through magnetometers, and cameras, stored in two separate rooms in a Federal building in Washington, D.C. Most of the items were still sealed in the original packaging. On a September 23, 1997 follow-up visit, we found the inventory virtually intact.

GSA personnel responsible for this stored equipment did not maintain an accurate, current, or complete inventory record. In response to our request, we were provided with an undated record titled "Inventory," which identified quantities, model numbers, a brief item description, and an incomplete list of unit prices. GSA's listing only included some camera equipment; the other equipment found in the rooms was not documented.

The regional office did not always consult with customer agencies prior to purchasing security equipment. As a result, the inventory includes items which are technically unsuitable or do not meet customer agency needs. Due to the lack of accountability over the equipment, the region had no current plan to install the items in either the originally intended buildings, or other buildings with compatible security needs.

The absence of an appropriate plan is exacerbated by other factors. The storage conditions were less than desirable. The rooms were extremely hot and dusty. Although original packaging was still in place, the facility was clearly not meant to store equipment of this nature. Also, the warranties on several equipment items have either already expired or will expire in the near future.

The DOJ study anticipated that specific security needs would inevitably vary, even among those facilities at the same security level, due to local conditions and changing circumstances. DOJ recognized that it might not be possible to bring certain facilities up to the minimum standards in all areas because of the nature of an existing lease, the unwillingness of landlords to modify a lease, or a major structural problem. That is why BSCs were established as a crucial component of the security enhancement process. Each BSC was directed to determine which of the minimum

Reviews of GSA Programs

standards and optional measures need to be implemented at its facility. In addition, BSCs were required to address the feasibility of implementation before forwarding enhancement requests and cost estimates to GSA for assessment. Therefore, equipment purchases should not have been made without input from the BSCs. GSA surveyed regional offices as to whether they anticipated having a surplus or a deficit in capital cost funds dedicated to completing BSC-approved countermeasures. Any reported surplus would be redistributed to regions with projected deficits. This regional GSA office reported that an additional \$6 million would be required to complete the security enhancements. The accuracy of this assessment is questionable.

The regional GSA office has advised us that the 25 x-ray units sitting in storage are now reserved for eventual installation at loading dock bays at a new Federal office building complex; however, they did not provide any supporting documentation. In addition, the database for the security enhancement project does not reflect these countermeasures and GSA officials have not approved the intended course of action.

In view of the Agency's goal, the limited funding resources, expiring warranties, undesirable storage conditions, and the fact that more purchasing is continuing, we suggested that the region fully account for the inventory and develop a formal implementation plan, in conjunction with Central Office, to assure that the equipment is used as intended. Unneeded equipment could then be made available to meet the immediate needs of other regional offices.

Our October 1, 1997 report was intended to alert management to a serious problem requiring immediate attention. We advised the Assistant Commissioner, Federal Protective Service that the subject matter discussed in this report will be addressed further in the audit report on the Security Upgrade program. Notwithstanding, we invited management to provide comments or information regarding our audit concerns. Since our report was issued, we have been verbally informed that GSA has earmarked the equipment in storage and stopped purchasing additional items in an effort to use the inventory. Some equipment may also be available for use by other regional offices.

Uncompleted Security Countermeasures

In the same region in which we found the stored security equipment, we determined that the regional GSA office is not meeting its DOJ-mandated responsibility to enhance security in GSA-controlled facilities. The office has been misreporting the status of security enhancement countermeasures to senior management officials. Security equipment projects reported as complete and operational were actually missing, uninstalled, or in storage. This situation has occurred because of a lack of coordination among GSA security personnel, customer agency officials, and commercial property representatives, as well as non-adherence to established policy concerning the enhancement effort. As a result, security at several Government facilities had not been upgraded to minimally acceptable standards.

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In a memorandum dated August 27, 1996, the Commissioner, Public Buildings Service reaffirmed that "a countermeasure can be counted as completed only when it is fully operational." The Commissioner's memo clearly indicated that equipment does not represent a completed countermeasure just because it is physically present at the site; it must be installed and operational.

Consequently, the situation in the region cannot be attributed to a misinterpretation of guidance. The regional program manager did not ensure that the Commissioner's established policy concerning the enhancement effort was followed. Frequently, staff entered countermeasures as complete when equipment was delivered to the site.

The BSCS is the official database used by management to track the progress of the security enhancement effort. During our review of security upgrades, we noted significant database discrepancies. We compared BSCS status reports to the actual conditions in 52 buildings in the region and found differences in 32 locations. At these locations, equipment was missing, uninstalled, or in storage, and in many instances, was incorrectly identified in the database as having been completed. In addition, we located extra equipment not identified in the BSCS.

On December 11, 1997, we issued an alert report to the Assistant Commissioner, Federal Protective Service stating that security at many regional Federal facilities had not been upgraded to minimally acceptable standards. In addition, the BSCS database is not accurately representing the status of the regional security upgrade effort.

Subsequent to our report being issued, regional management has taken positive steps to ensure the accuracy of the reported countermeasures. Agency management has set up inspection teams to verify our reported concerns and further review the countermeasure status in buildings that were not part of our sample. We have been told that the teams identified more discrepancies in the additional buildings reviewed, and that the database has been revised to reflect those countermeasures that are incomplete.

Review Expanded to Additional Regions

Based on our findings in the region discussed above, we expanded our review to include protective security offices in three other regions. At 33 out of 69 buildings reviewed, some of the security equipment identified in the security database as complete and operational was actually missing, uninstalled, or non-operational. We also observed instances of unreported security equipment at Federal facilities. As a result, additional Federal facilities have not been completely upgraded to minimally acceptable standards and the project database is inaccurate.

Based on our analysis and discussions with regional GSA officials, certain countermeasures should have been deleted from the database to reflect revised BSC needs or alternative measures taken by GSA. The regional officials indicated that they encountered problems in making corrections or adjustments during the early stages of the enhancement project and therefore elected to enter a completed status for canceled countermeasures. They were remiss in not going back and subsequently correcting these completion entries. According to a GSA Central Office official, the database always included the capability to make adjustments.

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Our review represents a judgmental, rather than statistical sample of countermeasures. Therefore, we cannot project the results against the countermeasure universe for these three regions. In our February 11, 1998 alert report, we stressed the need for regional GSA security offices and Central Office to take immediate action to ensure that countermeasures at all Federal buildings are accurately reported and completed.

Inappropriate Use of Security Enhancement Funds

A regional GSA office expended approximately \$375,000 of funds, allocated to the security enhancement of GSA-owned and leased buildings, on a project that did not involve BSC-recommended countermeasures. In so doing, GSA violated 31 U.S.C. § 1301. The region initiated this project to construct a regional control center without BSC input or approval from GSA Central Office.

As discussed previously, Congress had authorized \$240 million to GSA for Federal building security enhancements. These funds were based on specific BSC-requested countermeasures.

The initial FY 1997 GSA funding allowance documents issued to the regions stressed that funds identified for BSC countermeasures were “fenced,” that is set aside for that purpose only. On May 5, 1997, the Chief Financial Officer issued a memorandum to the Public Buildings Service (PBS) Assistant Regional Administrators, which further set forth the PBS Commissioner’s policy that regional funding allowances for countermeasures were “fenced,” without any exceptions.

In December 1996, the region awarded a contract for the construction of a new regional security control center, uniformed supervisor offices, and locker room facilities. GSA initially planned to relocate their old control center from another building under a project that was first initiated in FY 1991, but was delayed due to a lack of funding.

At the time of award, the contract was funded under the region-wide repair and alteration allowance. On April 15, 1997, the contracting officer issued a modification, which administratively changed the contract’s accounting and appropriation data. As a result of this change, the contract was now charged against the accounting classification reserved for costs associated with BSC recommended security countermeasures.

A regional manager made the decision to charge the project against BSC funds, stating that without an operational control center all security enhancement initiatives would have been negated. However, there was no BSC countermeasure covering the control center project. In addition, the GSA physical security specialist’s facility evaluation assessment of the building made no mention of the control center and the BSC chairperson was unaware of the project.

The June 1995 DOJ report established the BSCs as a crucial component of the security enhancement process. Each BSC was directed to determine which of the minimum standards and optional measures needed to be implemented at its facility.

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The BSCs also had to address the feasibility of implementation before forwarding security enhancement requests and cost estimates to GSA for assessment. Therefore, no security enhancement effort should have been initiated without BSC input. In addition to bypassing the BSC, the region did not obtain Central Office's concurrence, which security enhancement program guidelines require when a building's cumulative security-related capital costs exceed \$100,000. Since no countermeasure was established, Central Office officials were not afforded the opportunity to review the project.

The region's use of BSC funds to construct a control center constitutes a violation of the provisions of 31 U.S.C. § 1301. This statute states that public funds may be used only for the purpose for which they were appropriated. In this case, the control center project was not a recommended BSC countermeasure, bypassed the entire BSC process, and consequently was not actually allocated any BSC funds. Thus the region clearly should not have used BSC funds for the non-BSC related purposes.

The entire security enhancement effort has reached a point where remaining resources are extremely limited. GSA Central Office has surveyed regional offices as to whether they anticipate having a surplus or a deficit in capital cost funds dedicated to completing BSC approved countermeasures. Any reported surplus would be redistributed to regions with projected deficits, since GSA does not anticipate receiving additional allocations for BSC security measures in future years.

In view of the statute violation and limited funding resources, we recommended in our March 24, 1998 report that the Assistant Commissioner, Federal Protective Service request that the region restore the \$374,267 of funds to the security enhancement project for redistribution to other regions, as necessary.

The Assistant Commissioner agreed with our recommendation. The report is still in the resolution process.

Review of Security Program Continues

We are continuing our work in one more region. However, in the four regions completed, we have shown that controls for ensuring program implementation are ineffective, large numbers of inaccurate data entries have rendered the information system unreliable, and most importantly, actual implementation of enhanced security countermeasures is well short of what has been reported.

We believe that because the original implementation process has been shown to be deficient, GSA must develop another approach, which includes more effective control mechanisms to ensure that the 4,000 individual security enhancement projects are properly implemented.

We have offered to share our available information and insights with management to aid them in their corrective efforts. After allowing sufficient time for the Agency to implement corrective actions, we will follow up to assess how the corrective actions are proceeding.

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Prospectus Level Repair and Alteration Work

GSA efforts to ready office space in a Government building in time for the 1997 Presidential Inaugural were inadequately reviewed and managed. Costs on the repair and alteration project were incurred in excess of the prospectus threshold in contravention of the Public Buildings and Antideficiency Acts. The OIG had initiated the review based on allegations of improper funding for work performed on the project.

The Agency is authorized to provide direct assistance and perform special services for the Inaugural Committee in connection with presidential inaugural operations and functions. This includes providing space for personnel and parking, furniture and equipment, and other incidental services. In past inaugurations, the committees and affiliated support staff were housed in Government-owned space located at GSA's Southeast Federal Center. However, anticipating major construction at this center, GSA chose to use a Federal building located in Suitland, Maryland.

A significant amount of work was necessary to restore the building to operational status and to ready it for temporary occupancy. Work included:

- repairing and improving utility systems;
- bringing the building up to fire and safety codes;
- restoring restrooms and adding shower facilities;
- renovating with new ceiling tiles, lighting, partitioning, painting, carpeting and/or floor covering;
- altering office space, windows and the cafeteria;
- paving;
- making roof repairs; and
- adding outdoor canopies and security devices.

To begin work, the region authorized \$1.25 million for repairs and alterations, and an additional \$1.5 million in building operations funds to pay for ongoing expenses and support costs. We found that total costs exceeded \$5.6 million, of which over \$3.3 million are attributable to repair and alterations activities. Under the Public Buildings Act, GSA must file a prospectus and receive Congressional approval for any building's repair project whose costs exceed stated threshold amounts, which at the time were \$1.67 million. Our report concluded that, at the point when the project exceeded the prospectus threshold, Congress should have been informed and requested to approve GSA's spending of additional funds. By continuing to incur costs against the building without informing Congress and obtaining funding approval, GSA did not comply with both the prospectus requirements of the Public Buildings Act and the Antideficiency Act.

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In addition, on-site officials did not follow prescribed procurement procedures in acquiring the supplies and services deemed necessary for the renovation. Moreover, they did not properly inform regional management of their procurement actions. Project officials had been given wide latitude, and focused on readying the building. Had more senior management been timely notified, some renovation work might not have been approved. Furthermore, because several procurement actions were processed through inappropriate channels, we are uncertain that funds used in procuring goods and services for this building were reasonably protected against fraud or waste.

Unclear assignments of personnel, poor financial management oversight, and imprudent authority delegations all contributed to loss of control over this project. Through a series of events that occurred during the renovation project, costs were charged to different budgetary accounts that obscured the overall cost of the project and thus the need to get approval once the prospectus threshold was reached. The responsible funds manager had effectively relinquished direct control of funding for the building to the contracting officer.

In our November 6, 1997 report, we recommended that the Regional Administrator:

- Report the prospectus level project and the antideficiency violation to the Administrator so that he can take the appropriate actions required by the Public Buildings and Antideficiency Acts.
- Take the necessary actions to properly reclassify the associated building costs in GSA's financial system.
- Report all project renovation costs to the Administrator so that he can include them in GSA's after-action report for the inaugural event.
- Establish, with the Chief Financial Officer's assistance, a methodology for properly capturing GSA's costs associated with future inaugurals.
- For future special events impacting the region, initiate a more effective monitoring system that will timely alert management to significant variances in projected versus actual project costs, and ensure that established procurement procedures are followed.

The Regional Administrator did not concur with the first recommendation, nor did the response adequately address the second and final recommendation. The report is still in the resolution process.

Because this report raised issues of possible noncompliance with laws, we suggested the matters be reported in the Administrator's Federal Managers' Financial Integrity Act (FMFIA) report. The Administrator's 1997 FMFIA report includes a statement indicating these matters are under review by the Agency.

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Year 2000 Computer Systems Conversion

With the year 2000 fast approaching, computer experts, Government officials, and private-industry managers are becoming increasingly concerned over whether computer systems will operate correctly with the new century date. Many computer systems developed years ago assume all dates are in the 1900s and only use the last two digits of the year to make important date and time calculations such as retirement benefits computations, loan payment schedules, and sales projections. When the calendar changes to the year 2000, these calculations may be inaccurate, or systems may not understand the new date and be unable to process transactions.

Over the last 2 years, the President, the Congress, the Office of Management and Budget (OMB), and the General Accounting Office (GAO) have become increasingly concerned about year 2000 computer risks and Federal agencies' analysis and conversion efforts. The President issued an Executive Order on February 4, 1998 which called for the Government to meet the critical challenge to convert its systems by the year 2000. Congress has held several hearings to assess the status of agencies' year 2000 conversion efforts, and GAO has issued several reports on agencies' progress. GAO has designated the year 2000 problem as a high-risk area, and in July 1997 concluded that agencies need to significantly accelerate their conversion efforts if widespread system problems are to be avoided as the year 2000 approaches. In May 1997, OMB began requiring Federal agencies to report quarterly on their year 2000 computer conversion progress.

In September 1996, our office completed an audit of GSA's planning actions to address year 2000 computer conversion, and found that planning was inadequate to ensure that all systems are analyzed and converted in time. During this period we completed another review to assess what progress has been made.

Since our September 1996 audit, the Chief Information Officer has established a Year 2000 Focus Group and taken a number of additional actions. Also, Agency Services and Staff Offices have made some progress in analyzing and converting systems. Congress has noted that GSA has made more progress than some other Federal agencies.

Much work remains. GSA's Services and Staff Offices are still assessing: (1) which systems are critical to GSA operations and should be prioritized for conversion; (2) how systems should be repaired, replaced, or retired; and (3) what contingency plans are needed. In addition, the Offices have identified systems as operable in the year 2000 without adequately testing the systems. Assessment activities need to be completed to ensure that systems have been adequately analyzed and prioritized, realistic schedules developed, and resources efficiently allocated so that priority systems can be converted in time.

Completion of a comprehensive assessment phase is critical to determining the potential impact of system failures on the Agency's core business areas and processes, and for prioritizing conversion efforts. GSA reported that it completed

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the assessment phase for its mission-critical systems in June 1997 and has since begun the renovation phase. As of the end of our review, the Agency reported that it has 58 mission-critical systems.

Unless GSA completes analyses and conversion of its systems in time, it runs the risk of failing to provide important services to customers due to system malfunctions. Some systems are already experiencing problems, and others may malfunction in the near future if they are not modified or replaced. GSA's Services and Staff Offices have made some progress, but are still in the early stages of analysis and conversion. Furthermore, conversion schedules have not been adequately developed and analyzed. With time running out and staff resources declining, critical management decisions are needed now on how to prioritize and convert systems, and assess time frames and resources needed to complete analysis and conversion in time.

Other year 2000 problems still need to be analyzed, such as interfaces between systems, computerized building systems (such as security or access systems, fire alarm systems, and elevator systems), telecommunication systems, and personal computers. The Services and Staff Offices have just begun addressing these areas and centralized management and coordination is needed.

In order to avoid system malfunctions, GSA needs to plan all conversion efforts, analyze systems code, convert all faulty dates, perform testing, and correct any errors found, no later than March 1999, which is OMB's revised deadline for Federal agencies to implement converted and replacement systems. This will allow systems to run for 9 months before January 1, 2000 to ensure that the systems are operating correctly and all bugs have been fixed. Performing this large amount of work within this narrow time frame will be difficult, particularly with limited staff.

Our March 31, 1998 report recommended that the Office of the Chief Information Officer take the following actions:

- In conjunction with the Services and Staff Offices, determine systems that are critical and need to be prioritized for conversion to operate in the year 2000; evaluate and determine the methods, schedules, and resources needed for conversion, and develop contingency plans for critical systems that may not be converted in time. This evaluation should include:
 - Detailed analysis and conversion schedules for individual systems;
 - Specific conversion or replacement methods to be used; and
 - Time frames and resources required for each system.

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- Closely monitor Services and Staff Offices' year 2000 progress against the above plans and schedules to ensure time frames are being met, computer staff is efficiently allocated, and additional resources are obtained as appropriate.
- Take steps to manage, coordinate, and accelerate year 2000 computer analysis and conversion for interfaces between systems, computerized building and telecommunication systems, and personal computers.

The Chief Information Officer agreed with the recommendations in the report. The report is still in the resolution process.

Accuracy of Rent Billing Data

The Federal Buildings Fund was established in 1975 to fund the management of the Agency's owned and leased buildings. GSA receives revenue from user agency charges for occupying space; these charges are set at commercially comparable rates. In FY 1997, GSA billed Federal agencies approximately \$5.1 billion for almost 300 million square feet of space.

GSA prepares rent bills quarterly. Each bill identifies the building in which space is assigned, the square footage by space classification, associated joint use space (such as cafeteria and health rooms), annual rent rates, total amount charged for the quarter, and any credits or other adjustments from prior periods. The rent billing information used to prepare bills and to perform other analyses comes from a 20-year-old computer system. The Agency expects a new system to be operational this fiscal year.

Because of a widely-held belief in the Public Buildings Service (PBS) that the data in the information system were inaccurate but the degree of inaccuracy was not known, we partnered with PBS in a statistically valid review to assist the Agency in reaching decisions in transitioning to its new information system. This topic was introduced in the Emerging Issues and Concerns section of our last semiannual report.

To jointly perform this review, by agreement, GSA was responsible for awarding contracts for the physical verification of space (measuring and classifying space) and providing real estate staff to participate in the verification process, including the reconciliation of information back to the information system. The OIG was to plan, supervise, review, and report on the evaluation. We focused on: accuracy of information system data elements, impact on the rent income for each building where discrepancies were found, and the effect on the overall GSA rent revenue position.

Our review found that:

- Space measurements and classifications were inaccurate in approximately half the tenancies reviewed, which comprised 28 percent of the total square footage examined.
- Inaccuracies represented a small percentage of the tenants' charges, and overcharges to one tenant generally were offset by undercharges to another.

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- Inaccuracies totaled approximately \$3 million in net underbillings when projected to the second quarter billing universe. Although not considered material for financial statement reporting purposes, these do represent a potential source of additional revenue for the Federal Buildings Fund.
- GSA arrangements with some client agencies to bill space differently from the way it was occupied accounted for another \$1 million in underbillings for the sample.
- Rent rates were reasonably accurate and we noted only minor problems with tenant identification. Rent rates for the buildings reviewed were supported by appraisals, and escalations were reasonably accurate.

Space discrepancies usually arose from inaccurate reporting of actual square footage either through its mismeasurement or misclassification. Comparing system information to the actual space measurements disclosed that more than half the tenancies reviewed contained total area variances of more than five percent. A variety of reasons also contributed to the data inaccuracies: (1) lack of database updates to reflect changes in space, (2) misapplication of space classification standards, and (3) information system problems. We believe this stemmed from not effectively updating information in the system.

Our report noted that management must determine the amount of resources appropriate for detecting inaccuracies and correcting them. Since the financial impact of the data reviewed was small, the cost effectiveness of any data correction efforts must be considered. Management should also review the special arrangements entered into by realty specialists and provide guidance in those areas that do not seem to make good business sense. We also cautioned that the data elements reviewed may represent only some of many data fields deemed critical to GSA's operations and that these additional data fields may also require corrective efforts.

In our February 11, 1998 report, we recommended that the Commissioner, Public Buildings Service:

- Correct revenue-related data, giving full consideration to cost effectiveness.
- Consider reassessing to whom overall accountability for building and tenant data accuracy should be assigned, and linking the maintenance of accurate data as a means of assessing results through employee evaluations and/or the Government Performance and Results Act processes.
- Adopt a reconciliation process that minimizes the chance that errors or outdated information will continue undetected.

The Commissioner generally agreed with the recommendations in the report. The report is still in the resolution process.

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IMPAC Credit Card Program

Property Management Centers (PMCs) are increasingly using credit cards as a means of paying for supplies and services needed in the management of GSA properties. About 1,200 PMC staff have been issued International Merchant Purchase Authorization Cards (IMPAC) as part of an effort to streamline operations in a time of decreasing resources. In FY 1997, the 61,000 credit card transactions totaled over \$25 million. Management has indicated that the use of IMPAC cards will continue to grow.

The card program has empowered many employees, who previously could not procure goods and services themselves, with authority to buy items needed to do their jobs, and quickly satisfy customer needs. However, given the fact that procurement authority by credit card use has been granted to a wide range of PMC employees, a degree of control over procurements has been lost. To maintain overall control, IMPAC guidelines require all employee card transactions be reviewed by persons designated as "Approving Officials."

The OIG conducted a survey of procurements made by PMCs around the country. Based on our survey results, we focused this review on controls over the use of the IMPAC for "micropurchases" (up to \$2,500 for supplies, \$2,000 for construction services), the single order limit for most cardholders.

We concluded that, as implemented, current controls do not provide reasonable assurance that purchases are for valid program needs, are reasonably priced, and are made following prescribed procurement regulations. Credit card procurements are deficient in four basic areas: (1) separation of duties - the same person is responsible for authorizing, processing, recording, and paying for procurements; (2) supervision - Approving Officials did not sign off on monthly cardholder statements as having reviewed and approved transactions, as required, or signed off on monthly statements without adequate documentation to ascertain whether transactions were valid; (3) purchase documentation - cardholders did not adequately document key decisions in the procurement process; and (4) transaction recording - data errors were not corrected timely, resulting in inaccurate accounting data.

This condition occurred as a result of efforts to streamline purchase procedures in field offices, in a competitive environment, with GSA trying to satisfy its customers' needs. We found that, to an extent, some controls that were in place were rendered ineffective by program demands, while others were simply inadequate. As a result, the Agency is vulnerable to procurement fraud, waste, or mismanagement.

Our January 23, 1998 audit report recommended that the Commissioner, Public Buildings Service:

- Make the goal of improving management controls a clearly stated priority, identifying minimal controls that can be presented in a clear, constructive light.

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- Develop a periodic review program of IMPAC card practices and transactions, by an entity independent of those being reviewed, to test compliance and effectiveness of the controls established.
- Provide training to increase the awareness of cardholders, Approving Officials, and other supervisory persons, clearly outlining what their duties and responsibilities are.

The Assistant Commissioner, Office of Business Performance, generally agreed with the recommendations in the report. The report is still in the resolution process.

Direct Bill Lodging and Car Rentals

GSA initiated the Direct Bill program in 1995 to simplify employees' travel vouchers and save travel funds by avoiding state and local taxes. Under the program, participating hotels and car rental companies bill GSA rather than the employees for charges incurred during official travel. GSA travelers are not required to participate in this program, but those who have participated generally like it.

The most tangible intended benefit of the program is the tax savings that accrue to GSA. Because the travel charges incurred under this program are paid directly by the Federal Government, they usually are not taxable by State and local governments. The savings, however, are partially offset by the additional processing efforts required by the Office of Finance and the fund managers throughout GSA. Also, GSA does not earn rebates offered by the travel charge card contractor since direct-billed charges are not posted to the card. Overall, costs for the Direct Bill program exceed its benefits.

While controls are adequate to ensure that GSA only pays direct-billed charges for GSA employees, they do not ensure that charges are for legitimate business travel, taxes and rates are correct, vendors are not paid twice, and travelers are not reimbursed for direct-billed charges.

The purpose of our review was to provide management officials with information they can use when considering the future of the program. Therefore, the report dated February 17, 1998 contains no formal recommendations.

Procurement Personnel Qualifications

GSA strives to be recognized as the Government's leading provider of quality goods and services to Federal agencies. To do so, it must ensure that its procurement staff is well trained to carry out its mission. The importance of training and experience requirements was reflected in a provision of the Clinger-Cohen Act which established mandatory minimum education standards for procurement personnel.

GSA established the Contracting Officer Warrant program (COWP) on December 18, 1979 and, in accordance with the Federal Acquisition Regulation and the General Services Administration Acquisition Regulation, established Agency-wide standards for selection, appointment, and termination of contracting officers. Under COWP, procurement personnel receive various levels of formal training in different aspects

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of the contracting process. They are expected to complete a specified number of courses and have a certain level of experience before being appointed as interim or permanent contracting officers. In response to recommendations contained in a September 1993 audit report issued by our office, GSA issued detailed training and experience requirements for the various levels and types of contracting officer appointments.

We reviewed how COWP was working in one region. The Regional Acquisition Council implemented a Memorandum of Understanding (MOU), effective January 18, 1996, that decentralized control of that region's COWP and reduced some training requirements, significantly deviating from the established Agency governing policy.

Our review concluded that regional contracting officer appointees were not meeting the training and experience requirements of the governing policy. In fact, they were not even meeting the reduced standard that had been established in the MOU. Additionally, insufficient file documentation was being maintained to support the appointments made.

The January 22, 1998 report recommended that the Regional Administrator take action to ensure that:

- All current and future contracting officer appointees complete necessary training to comply with current GSA policies.
- Procedures are designed and implemented to fully document contracting officer selections, appointments, training, and terminations.

Responsive management action plans were provided for implementing the report recommendations.

Service Contracting

An audit of service contracts was performed during this period, in response to Office of Federal Procurement Policy (OFPP) Letter 93-1 that encourages the OIG to conduct vulnerability assessments of service contracting. We reviewed management control procedures over service contracting in one of GSA's services to determine if the controls over contract award and administration are adequate to prevent abuses and ensure that contractor performance meets contract requirements and performance standards.

Our review did not identify any significant risk areas in management controls over the award procedures for competitively awarded contracts and task orders under both negotiated and Multiple Award Schedule contracts. However, we found that GSA is not in total compliance with OFPP Policy Letter 93-1 with regard to inclusion of defined performance standards as part of the contract administration function. Even though formal performance measures have not been developed, the Agency has certain processes in place for tracking contractor actions to ensure that customers

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receive quality services. GSA contracting officials are aware of the need for further evaluations, and informed us of their current efforts in researching relevant criteria to assess the performance of specific types of services.

We concluded that the existing quality assurance measures mitigate the potential risk of GSA not having the means to evaluate and ensure that contractor performance meets the user's needs. Accordingly, our February 4, 1998 report did not contain formal recommendations.

Regional Customer Supply Center

We reviewed a regional Customer Supply Center (CSC) to determine if it meets its goal of promptly supplying customer requirements of common use, high demand items while exercising adequate management controls to protect its assets.

The CSCs nationwide are a part of GSA's Stock program. Over 18,000 high demand items are available for freight shipment to large customers (the wholesale segment of the Stock program) or express delivery of smaller quantities to customers (the retail portion of the Stock program). The CSCs are shifting from being a separate supply program, distinct from the wholesale stock program, to being a customer-oriented ordering system for all 18,000 items the program stocks and distributes.

We found that the regional CSC was satisfactorily meeting customer needs for popular supply items, and did so with adequate management controls to protect its assets. The CSC had sales of \$15.3 million and stocked over 2,300 items as of the end of FY 1997. While we noted some inventory discrepancies in our review, differences were not significant and inventory adjustments resulting from the last two physical inventories were within acceptable limits.

The January 14, 1998 report did not contain formal recommendations.

Emerging Issues and Concerns

The Ability of Inspectors General to Resolve Legal Disputes with Their Agencies

We have had an issue of great concern that has been developing over the last year relating to the ability of Inspectors General to seek authoritative resolution by the Department of Justice's Office of Legal Counsel (OLC) of disputes with their agencies regarding the interpretation and construction of laws and authorities affecting the operations of the agencies. We believe that this issue has implications for agencies and their Inspectors General across the Executive Branch, and that it also raises concerns of frustrating Congressional intent in establishing in the executive agencies independent Offices of Inspector General charged with identifying and reporting on such issues. Early last year, after GSA itself declined to do so, we sought an opinion from OLC regarding the respective authorities of the Department of Justice and the GSA Administrator to compromise debts of a value exceeding \$100,000. OLC declined to provide an opinion on the grounds that it was not that office's practice to resolve such "intra-agency" disputes unless asked to do so by the head of the agency.

We then asked for an advisory opinion from the General Accounting Office (GAO). Subsequent to that request, the Office of Management and Budget (OMB) undertook a review of this issue and, on May 19, 1997, the Office of General Counsel of OMB issued an opinion which supported the Agency's authority to compromise debt. On December 15, 1997, GAO issued an opinion (B-276550) supporting our position that the Agency lacked the authority to compromise debt and recommending that the Agency seek a legal opinion from the Department of Justice if it intended to persist in its interpretation of its debt compromise authority. We understand that the Agency, based on the OMB opinion, considers this matter closed.

Faced with conflicting legal opinions from GAO and OMB and because we believe that OLC is the only entity which is available outside an affected agency to render authoritative and binding decisions on such legal questions affecting the Executive Branch, we have asked the Attorney General to review this matter. We particularly expressed our concern that the declination by OLC to consider requests for legal opinions from Inspectors General has put this Office, as well as other Offices of Inspector General, in a potentially untenable position in attempting to fulfill our statutory responsibilities of independently reviewing and evaluating the programs and operations of the agencies. To date, this matter is still under review by the Attorney General.

Prevention Activities

In addition to detecting problems in GSA operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency.

Significant Preaward and Other Audits

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the Government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 37 contracts with an estimated value of \$70 million. The audit reports contained over \$16 million in financial recommendations.

This period, we audited several claims for increased costs allegedly caused by the Government during the construction and renovation of Federal buildings. Four of the more significant audits contained proposed prices totaling \$3.8 million, and recommended adjustments of \$2.6 million. In an audit of a claim for increased costs due to alleged Government caused delays, we advised the contracting officer that the contractor claimed amounts which were not reasonable, allocable, and allowable under the terms of the contract and were not supported by appropriate accounting records. In an audit of another claim, we advised the contracting officer that a subcontractor inflated its regular and overtime shop rates, and was unable to support its proposed costs for shop supervisor and project management labor. In an audit of a claim for increased costs due to alleged design defects, we advised the contracting officer that a subcontractor overstated its claimed costs and was unable to provide sufficient documentation for other costs. Finally, in an audit of a claim for increased costs due to alleged Government caused delays during a renovation project, we advised the contracting officer that the contractor's claim should be adjusted for duplicate costs, costs not allowed by Federal guidelines, and unsupported costs.

Federal Managers' Financial Integrity Act Review

The Federal Managers' Financial Integrity Act (FMFIA), Section 2, requires GSA management to provide assurance to the President and the Congress that Agency resources are protected from fraud, waste, mismanagement, and misappropriation.

Each year, we review the Agency's FMFIA process to assess its completeness in reporting known weaknesses and deficiencies. This year, we advised management that the Administrator's assurance statement should have reported the updated status of the issue regarding GSA's legal authority to restructure (compromise) debt for the sale of the Boston Custom House. In 1997, both OMB and GAO issued advisory legal opinions on the matter, OMB agreeing with the Agency's position and the GAO finding that GSA did not have the authority to compromise such debts. We believe that the Agency should have acknowledged the differing opinions and indicated that GSA plans no further action on this matter. This issue was first reported in our Semiannual Report to the Congress of April 1, 1996 - September 30, 1996.

We also reviewed GSA's efforts in carrying out Section 4 of the Act by evaluating the FY 1997 assurance statement concerning financial management systems. We advised management that the statement was complete and adequate.

Prevention Activities

Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse, and to reinforce employees' roles in helping to ensure the integrity of Agency operations.

This period we presented 12 briefings attended by 126 regional employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies and slides, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. The briefings have in fact led to OIG investigations based on reports by GSA employees of suspected wrongdoing.

Hotline

The OIG Hotline provides an avenue for concerned employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings, as well as brochures, encourage employees to use the Hotline.

During this reporting period, we received 1,384 Hotline calls and letters. Of these, 75 complaints warranted further GSA action, 13 warranted other Agency action, and 1,296 did not warrant action.

Implementation Reviews

The OIG performs, on a selected basis, independent reviews of implementation actions to ensure that management's corrective actions in response to OIG recommendations are being accomplished according to established milestones. This period, the OIG performed one implementation review and found that all of the recommendations had been implemented.

Financial Statements Audit

The Chief Financial Officers Act of 1990 requires the OIG to conduct or arrange for an annual audit of the GSA consolidated financial statements. The Act also requires a report on the GSA system of internal accounting controls and compliance with laws and regulations. An independent public accounting firm performed this audit for FY 1997 and FY 1996, with oversight and guidance from the OIG. In the audit report dated February 26, 1998, GSA received unqualified opinions on its financial statements and on its system of internal accounting controls. The report on the internal control structure over financial reporting for the consolidated financial statements described one instance of noncompliance with laws and regulations and reported an update to the status of a 1996 non-compliance issue. Several conditions affecting other programs or operations were identified where steps should be taken to strengthen internal controls. None of these was considered material.

The OIG completed limited reviews of the internal controls for two program performance measures, assessing reasonableness of the control structure to generate reliable performance information as required by the Office of Management and Budget Bulletin 93-06. We assessed a "low" level of risk over the existence and completeness of the data supporting one of the performance measures. The internal control processes used by GSA were not adequate to ensure that the data and systems supporting the other performance measure existed and were complete. As a result, the Agency decided not to include the measure in GSA's FY 1997 Annual Report.

Review of Legislation and Regulations

The Inspector General Act of 1978 requires the OIG to review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of the Agency's programs and operations and on the prevention and detection of fraud and mismanagement.

During this period, the OIG reviewed 192 legislative matters and 44 proposed regulations and directives. The OIG provided significant comments on the following legislative items:

- *Government Performance and Results Act Technical Amendments of 1997.* We provided comments to the President's Council on Integrity and Efficiency (PCIE) on H.R. 2883, the Government Performance and Results Act Technical Amendments of 1997. As set forth in the version the PCIE reviewed, the bill would have required agencies to submit periodic strategic and program performance plans and would mandate that Offices of Inspector General (OIGs) provide independent assessments and audits of these plans. We generally supported the bill because we believe it would be beneficial in ensuring agencies' accountability for meeting strategic and program goals. We recommended that several clarifications be made regarding the obligations of the OIGs. First, we suggested that it be made clear that the OIGs are to evaluate the systems that agencies themselves use to assess their compliance with their stated goals, rather than the systems used to formulate strategic goals in the first instance. Second, we asked that language be added to explain the scope and schedule of the audits to be performed by the OIGs. We also pointed out that the bill assigns significant new obligations to the OIGs that will require an extensive commitment of resources. We understand that our concerns, together with concerns raised by other OIGs, were forwarded by the PCIE to the House Government Reform and Oversight Committee and were considered in a revised version of the bill.
- *The Fair Competition Act of 1998 and The Competition in Commercial Activities Act.* These bills are revised versions of the Freedom from Government Competition Act, H.R. 716 and S. 314, upon which we commented in the past. They would require that Government agencies conduct competitions among private and Government-sector sources for all activities classified as commercial. We agree that functions currently performed by the Government should be transferred to the private sector when it makes both policy and economic sense to do so. Our concerns with these bills are three-fold. First, we are not convinced that they give sufficient consideration to the costs, such as the disruption to agency operations, caused by contracting out. Second, in their current form, the bills do not allow for the possibility that some activities that are currently contracted out may actually be performed more efficiently or inexpensively by a Government source. Third, we expressed our concern about the methodology proposed to be used to assess the direct and indirect costs of an agency's performance of a given activity.

In addition, the OIG provided comments on the following regulatory item:

- *Draft Regulation - Public Availability of Agency Records and Informational Materials.* We commented on GSA's proposed amendment to its Freedom of

Review of Legislation and Regulations

Information Act regulation to incorporate the requirements of the Electronic Freedom of Information Act Amendments of 1996. We identified several areas where we believe the proposed regulation did not conform with the requirements of the statute and suggested language to bring it into compliance. We also noted that the proposed regulation did not provide for multitrack processing of requests and suggested that this requirement be incorporated into the new regulation.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 107 audit reports. The 107 reports contained financial recommendations totaling \$32,271,075, including \$16,383,263 in recommendations that funds be put to better use and \$15,887,812 in questioned costs. These dollar amounts include \$96,832 in financial recommendations for a report issued to another agency. Due to GSA's mission of negotiating contracts for Governmentwide supplies and services, most of the recommended savings that funds be put to better use would be applicable to other Federal agencies.

Management Decisions on Audit Reports

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of March 31, 1998. Fourteen reports more than 6-months old were awaiting management decisions as of March 31, 1998; all of them were preaward audits, issued before February 10, 1996, which are not subject to the 6-month management decision requirement. Table 1 does not include 5 reports issued to other agencies this period, and 23 reports excluded from the management decision process because they pertain to ongoing investigations.

Table 1. Management Decisions on OIG Audits

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 10/1/97			
Less than 6 months old	44	32	\$19,543,921
More than 6 months old	18	16	4,710,607
Reports issued this period	<u>102</u>	<u>45</u>	<u>32,174,243</u>
TOTAL	164	93	\$56,428,771
For which a management decision was made during the reporting period			
Issued prior periods	48	36	\$21,563,019
Issued current period	<u>75</u>	<u>28</u>	<u>23,225,268</u>
TOTAL	123	64	\$44,788,287
For which no management decision had been made as of 3/31/98			
Less than 6 months old	27	17	\$8,948,975
More than 6 months old	<u>14</u>	<u>12</u>	<u>2,691,509</u>
TOTAL	41	29	\$11,640,484

Statistical Summary of OIG Accomplishments

Management Decisions on Audit Reports with Financial Recommendations

Tables 2 and 3 present the audits identified in Table 1 as containing financial recommendations by category (funds to be put to better use or questioned costs).

**Table 2. Management Decisions on OIG Audits with
Recommendations that Funds be Put to Better Use**

	<u>No. of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 10/1/97		
Less than 6 months old	27	\$13,650,936
More than 6 months old	16	4,710,607
Reports issued this period	<u>30</u>	<u>16,286,431</u>
TOTAL	73	\$34,647,974
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
•management action	—	\$27,108,551
•legislative action	—	—
Recommendations not agreed to by management	<u>—</u>	<u>854,130</u>
TOTAL	49	\$27,962,681
For which no management decision had been made as of 3/31/98		
Less than 6 months old	12	\$ 3,993,784
More than 6 months old	<u>12</u>	<u>2,691,509</u>
TOTAL	24	\$ 6,685,293

Statistical Summary of OIG Accomplishments

**Table 3. Management Decisions on OIG Audits
with Questioned Costs**

	No. of Reports	Questioned Costs
For which no management decision had been made as of 10/1/97		
Less than 6 months old	5	\$ 5,892,985
More than 6 months old	0	0
Reports issued this period	<u>15</u>	<u>15,887,812</u>
TOTAL	20	\$21,780,797
For which a management decision was made during the reporting period		
Disallowed costs	—	\$16,472,104*
Costs not disallowed	<u>—</u>	<u>1,851,958</u>
TOTAL	15	\$18,324,060**
For which no management decision had been made as of 3/31/98		
Less than 6 months old	5	\$ 4,955,191
More than 6 months old	<u>0</u>	<u>0</u>
TOTAL	5	\$ 4,955,191

*\$4,437,588 of this amount was recovered in civil settlements, as reported in Table 5.

**Includes \$1,498,456 that management decided to seek that exceeded recommended amounts.

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 162 investigative cases and closed 157 cases during this period. In addition, the OIG received and evaluated 70 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

Referrals

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration and civil referrals to the Civil Division of the Department of Justice or U.S. Attorneys for litigative consideration. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of GSA employees, contractors, or private individuals doing business with the Government.

Table 4. Summary of OIG Referrals

Type of Referral	Cases	Subjects
Criminal	24	57
Civil	12	18
Administrative	91	167
TOTAL	127	242

In addition, the OIG made 13 referrals to other Federal activities for further investigation or other action and 31 referrals to GSA officials for informational purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 12 cases (24 subjects) were accepted for criminal prosecution and 8 cases (13 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 8 indictments/informations and 7 successful prosecutions. OIG civil referrals resulted in 8 cases being accepted for civil action and 4 case settlements. Based on OIG administrative referrals, management debarred 33 contractors, suspended 17 contractors, and took 7 personnel actions against employees.

Statistical Summary of OIG Accomplishments

Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, judgments, and restitutions payable to the U.S. Government as a result of criminal and civil actions arising from OIG referrals.

In addition, the OIG identified \$1,398,188 for recovery during the course of its investigations, predominately from seizure of diverted Federal surplus property.

Table 5. Criminal and Civil Recoveries

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$344,263	\$ —
Settlements and Judgments	—	4,437,588 *
Restitutions	—	—
TOTAL	\$344,263	\$4,437,588

**This amount is reportable pursuant to section 5(a)(8) of the Inspector General Act as management decisions to disallow costs. See Table 3.*

APPENDICES

Appendix I - Significant Audits from Prior Reports

Under the Agency audit management decision process, the GSA Office of Management and Workplace Programs, Office of Management Services, Administrative Policy and Information Management Division, is responsible for tracking implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

Twelve audits highlighted in prior Reports to the Congress have not yet been fully implemented; all are being implemented in accordance with currently established milestones.

Federal Protective Service Investigation Office

Period First Reported: April 1, 1997 to September 30, 1997

The evaluation focused on a review of the Federal Protective Service's criminal investigation activities. The report contained five recommendations; they have not yet been implemented.

The recommendations include establishing measurable performance standards; improving program accountability; issuing clear direction regarding authority limits; establishing a centralized training system and strengthening the coordination of the Intelligence Sharing program; and considering adoption of benchmarked best practices on a national basis. They are scheduled for completion between May 15, 1998 and August 15, 1998.

Regional Reinvention Lab

Period First Reported: April 1, 1997 to September 30, 1997

The review identified opportunities for improvement in a regional reinvention lab. The report contained three recommendations; two have been implemented.

The remaining recommendation involves assuring that the levels of authority of the contracting officer representatives are established for all contract types. It is scheduled for completion by May 15, 1998.

Administration of Real Estate Taxes

Period First Reported: April 1, 1997 to September 30, 1997

The review examined the real estate tax administration of GSA's leases. The report contained two recommendations; they have not yet been implemented.

Both recommendations involve developing and implementing revised procedures, internal controls, and lease terms. They are scheduled for completion by May 15, 1998.

Personal Property Donation Program

Period First Reported: April 1, 1997 to September 30, 1997

A review at a State agency identified the need to improve controls to properly account for all personal property. The report contained seven recommendations; six have been implemented.

The recommendation involves ensuring that the State reimburses GSA the \$19,120 from its auction sale. It is scheduled for completion by May 15, 1998.

Inventory Cost Management

Period First Reported: April 1, 1997 to September 30, 1997

A review of the program management systems noted that improvements were needed in the mathematical variables and calculation methodologies used to compute the economic order quantity (EOQ). The report contained three recommendations; two have been implemented.

The remaining recommendation involves improving the accuracy and reliability of EOQ to reduce inventory levels and operating costs. It is scheduled for completion by July 15, 1998.

Federal Acquisition Services for Technology Program

Period First Reported: April 1, 1997 to September 30, 1997

The review identified opportunities for improving the overall management of GSA's program designed to quickly procure off-the-shelf computer products and services. The report contained two recommendations; one has been implemented.

Appendix I - Significant Audits from Prior Reports

The remaining recommendation involves developing and implementing a business plan, covering operations and marketing for the program. It is scheduled for completion by October 15, 1998.

Telecommuting Centers

Period First Reported: October 1, 1996 to March 31, 1997

The review focused on GSA's role in the Federal Government's telecommuting initiatives, and the recovery of costs and the methods being used to recover costs. The report contained two recommendations; one has been implemented.

The remaining recommendation involves developing billing rates to recover costs and developing a mechanism for billings. It is scheduled for completion by April 15, 1998.

Debarment Program

Period First Reported: October 1, 1996 to March 31, 1997

The review identified opportunities for improving the debarment program. The report contained two recommendations; they have not yet been implemented.

One recommendation involves modifying the new contractors' performance database and is scheduled for completion by July 15, 1998. The other recommendation involves providing debarment program training to contracting officers and is scheduled for completion by May 15, 1998.

PBS Information Systems Strategy

Period First Reported: April 1, 1996 to September 30, 1996

The review identified the importance of defining, planning, and coordinating the procurement of new information systems. The report contained two recommendations; one has been implemented.

The remaining recommendation requires ensuring that the GSA pilot systems and planned software initiative are technically compatible and are not duplicative. It is scheduled for completion by June 15, 1998.

Stock Program Management Information System

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for improvement in the accuracy and reliability of information provided to stock program managers. The report contained four recommendations; two have been implemented.

One recommendation involves improving the accuracy and reliability of computerized lead time projections and is scheduled for completion by April 15, 1999. The other recommendation requires the continued development of an information system. It is scheduled for completion by May 15, 1998.

Aircraft Management

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for improvement in the GSA program for assisting civilian agencies with the management and cost effectiveness of their aircraft operations. The report contained five recommendations; four have been implemented.

The remaining recommendation concerns the identification of aircraft data necessary for making informed decisions and is scheduled for completion by March 15, 1999.

Federal Protective Service

Period First Reported: October 1, 1993 to March 31, 1994

Two OIG reviews found that GSA needed to strengthen its control over firearms and improve internal security. One report was implemented as of September 30, 1994. The remaining report contained 14 recommendations; 13 have been implemented.

The remaining recommendation involves making improvements to the security system. It is scheduled for completion by May 15, 1998.

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
<i>(Note: Because some audits pertain to contracting award or actions which have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i>				
PBS Management Consulting Reviews				
10/27/97	A73029	Consulting Service Review of Customer Satisfaction with the Advanced Acquisition Program		
01/20/98	A80308	Management Consulting Services: Review of Financial-Related Data Submitted in Response to Solicitation for Purchase of Electric Power in Region 1, Solicitation Number GS-01P-97-BWD-0053		
03/25/98	A80302	Management Assistance Review, Accuracy of the Real Estate Activity Link, Management Information System, Office of Property Disposal		
FSS Management Consulting Reviews				
10/03/97	A72480	Management Assistance Review of Frustrated Freight, Federal Supply Service		
11/24/97	A82102	Management Assistance Review of Region 7's Procurement Practices for FSS Non-Stock Items		
12/05/97	A71548	Consulting Report: Review of the Great Lakes Region Contract Management Division Performance Indicator of Operating Cost Per \$100 of Sales Value		
03/30/98	A82114	Management Assistance Review of Region 7's Payments to Vendors for Fleet Management Purchases		
Other Management Consulting Reviews				
03/20/98	A82111	Management Assistance Review of Human Resources Staffing Levels		
PBS Internal Audits				
10/02/97	A70659	Report on Inventory of Uninstalled Security Equipment in NCR		
10/06/97	A71549	Review of Energy Management Audit of Commercial Facilities Management Contract, Major General Emmett J. Bean Center, Indianapolis, IN		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
11/06/97	A73009	Audit of GSA Expenses to Ready the Suitland, Maryland Federal Building No. 2 for Temporary Occupancy		
11/25/97	A73027	Limited Review of IMPAC Purchase Card Usage		
12/11/97	A80613	Report on Uncompleted NCR Security Upgrade Countermeasures		
12/12/97	A72130	Review of Lease Payment Accuracy, Western Bank Building, Region 7		
01/23/98	A70302	Management Control Review, Public Buildings Service, Property Management IMPAC Credit Card Program		
01/30/98	A72443	Audit of the Megacenter Program, Federal Protective Service, Public Buildings Service		
02/11/98	A73311	Audit of the Accuracy of PBS Rent Billings in GSA Owned and Leased Buildings		
02/11/98	A80615	Report on Uncompleted Security Upgrade Countermeasures in Regions 1, 4 and 7		
03/11/98	A71522	Audit of Commercial Facilities Management Contract, Major General Emmett J. Bean Center, Indianapolis, Indiana		
03/12/98	A72473	Audit of Guard Service Contract Awards, Federal Protective Service, Pacific Rim Region		
03/24/98	A80616	Audit of Countermeasure Funding in Region 1		

PBS Contract Audits

10/02/97	A72478	Audit of Claim for Increased Costs: Gonzales Construction Company Inc., Contract Number GS-08P-95-JAC-0001		
10/03/97	A73031	Preaward Audit of Change Order Proposal: Turner Construction Company, Subcontractor to BPT Metro View Assocs., L.P., Contract Number GS-11P91AQC-0060		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
10/06/97	A71859	Audit of Labor and Overhead Rates: JMAC General Construction Company, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P95GZC0501		
10/08/97	A72487	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: William J. Yang & Associates, Solicitation Number GS-09P-96-KTD-0011		
10/23/97	A70655	Preaward Audit of a Delay Claim: Denron Plumbing and HVAC, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		
10/23/97	A72486	Audit of Claim for Increased Costs: Mountain Gravel & Construction Co., Subcontractor to Gonzales Construction Company, Inc., Contract Number GS-08P-95-JAC-0001		
10/24/97	A70660	Preaward Audit of a Change Order Proposal: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		
10/24/97	A71860	Audit of Proposed Rates: The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		
10/27/97	A70653	Preaward Audit of Change Order Proposal: Pipeline Construction, Inc., Contract Number GS-02P-CUC-0038		
10/31/97	A83002	Limited Scope Preaward Audit of Change Order Proposal: Grunley Construction Co., Inc., Contract Number GS-11P-97MKC-0009		
11/12/97	A70656	Preaward Audit of a Delay Claim: J.C. Higgins Corp., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		
11/19/97	A70630	Postaward Audit of Small Business Subcontracting Plan: Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)		
11/20/97	A83004	Preaward Audit of Sole Source Contract: Gilford Technology Corporation, Contract Number GS-11P-97MKC0063		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
12/09/97	A81806	Postaward Audit of Incurred Costs: Cross Janitorial Service, Contract Number GS06P96GXC0100		
12/10/97	A81512	Preaward Audit of a Claim for Increased Costs: Don-Lee, Inc., Subcontractor to D.L. Woods Construction Inc., Contract Number GS05P91GBC0057		
12/16/97	A72493	Preaward Audit of a Termination for Convenience Settlement Proposal: Crown Tank Cleaning Services, dba AIRO Services, Contract Number GS-10P-96-LTC-0050		
12/16/97	A81208	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: Kan Klean Janitorial Services, Inc., Solicitation Number GS-04P-97-RDC-0006		
12/22/97	A73606	Audit of Claim for Increased Cost: W.M. Schlosser Company, Inc., Contract Number GS-03P-93-DXC-0044		
12/24/97	A80602	Preaward Audit of a Delay Claim: Dan Lepore and Sons, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		
12/31/97	A83005	Preaward Audit of Claim for Increased Costs: Twigg Corporation, Contract Number GS-11P-94MKC-0069		
01/12/98	A80604	Preaward Audit of a Delay Claim: Able Finishing, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		
01/12/98	A80608	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		
01/15/98	A80606	Limited Postaward Audit of Direct Labor Rates: Yorkshire K.C., LLC, Lease Number GS-02B-22918		
02/05/98	A80609	Preaward Audit of a Delay Claim: The Woodworks Architectural Millwork, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
02/09/98	A81522	Preaward Audit of a Claim for Increased Costs: Kirkhoff Mechanical, Inc., Second Tier Subcontractor to D.L. Woods Construction Inc., Contract Number GS05P91GBC0057		
02/11/98	A80607	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070		
02/13/98	A80611	Postaward Audit of Small Business Subcontracting Plan: Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)		
02/13/98	A81814	Audit of Proposed Overhead Rate: Borchman Construction Co., Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		
02/23/98	A82418	Preaward Audit of a Claim for Increased Costs: Walters & Wolf, Subcontractor to Hoffman Construction Company of Oregon, Contract Number GS-10P-94-LTC-0041		
02/27/98	A81523	Preaward Audit of a Claim for Increased Costs: Colors Decorating Company, Inc., Subcontractor to D.L. Woods Construction, Inc., Contract Number GS05P-91GBC0057		
02/27/98	A83014	Audit of Claim for Increased Costs: Turner Construction Company, Contract Number GS-11P91AQC0060		
03/05/98	A80612	Preaward Audit of a Claim: Beckman Construction Company, Contract Number GS-03P-92-CDC-0335		
03/05/98	A81513	Audit of Real Estate Tax Adjustments: Tishman Speyer Properties, Multiple Leases at Building Number IL1894ZZ		
03/17/98	A83016	Preaward Audit of Change Order Proposal: Turner Construction Company, Subcontractor to BPT MetroView Assocs., L.P., Contract Number GS-11P91AQC0060		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
03/19/98	A81515	Audit of Claim for Increased Costs: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-0017		
03/30/98	A81525	Audit of Real Estate Tax Escalations, American National Bank, Trustee, Lease Number GS-05B-14966, Tax Years 1992 Through 1995		
<i>FSS Internal Audits</i>				
11/25/97	A71217	Audit of FSS Sales to Lions Club Industries, Inc., Durham, North Carolina		
11/28/97	A71841	Review of GSA's National Travel Management Services Contract		
01/14/98	A72482	Audit of the Customer Supply Center, Auburn, Washington		
02/04/98	A83008	Audit of Service Contracts		
02/27/98	A81519	Review of Customer Complaint Regarding SF 82, Agency Report of Motor Vehicle Data		
03/30/98	A83007	Follow-Up Review of the Contract Workload Management		
<i>FSS Contract Audits</i>				
10/02/97	A70914	Limited Scope Postaward Audit of Multiple Award Schedule Contract: JLG Industries, Inc., Contract Number GS-07F-3576A, for the Period August 1, 1993 Through May 31, 1997		\$1,029,760
10/10/97	A72484	Postaward Survey of Multiple Award Schedule Contract: Truetime, Inc., Solicitation Number FCGS-Y5-95-0042-B-N, for the Interim Period April 1, 1996 Through September 30, 1996		
10/29/97	A72479	Price Adjustment on MAS Contract: Robbins Scientific Corporation, Contract Number GS-24F-1360C, for the Interim Period June 1, 1996 Through November 30, 1996		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
10/29/97	A72494	Limited Scope Postaward Audit of Government Billings: Robbins Scientific Corporation, Contract Number GS-24F-1360C		\$4,055
10/31/97	A53638	Postaward Audit of Multiple Award Schedule Contract: Government Technology Services, Incorporated, Contract Numbers GS00K88AGS6191, GS00K89AGS6386, GS00K90AGS5216 and GS00K91AGS5038		\$400,000
11/13/97	A80303	Limited Scope Postaward Audit of Cost or Pricing Data: Textron Systems Corporation, Contract Number GS-10F-40734		
11/24/97	A42119	Postaward Audit of Multiple Award Schedule Contract: Johnson and Johnson Medical, Inc., Contract Number GS-10F-7048A		\$494,657
11/24/97	A70658	Postaward Audit of Multiple Award Schedule Contract: Dun & Bradstreet, Inc., Contract Number GS-02F-0350D for the Interim Period October 24, 1995 Through May 31, 1997		\$69,873
11/26/97	A21849	Postaward Audit of Multiple Award Schedule Contract: Trendway Corporation, Contract Number GS-00F02678, for the Period October 1, 1988 Through September 30, 1991		\$3,101,958
11/26/97	A22536	Postaward Audit of Multiple Award Schedule Contract: Ingres Corporation, Contract Number GS00K89AGS5589		\$4,994,452
11/26/97	A32476	Limited Audit of Government Billings: Ingres Corporation, Contract Number GS00K89AGS5589		\$9,992
11/28/97	A72477	Postaward Audit of Multiple Award Schedule Contract: Ascend Communications, Inc., Contract Number GS-35F-1019D for the Interim Period July 1, 1996 Through June 30, 1997		
12/29/97	A82408	Postaward Audit of Multiple Award Schedule Contract: Sound Pacific, Inc., Contract Number GS-03F-4039B for the Interim Period April 1, 1994 Through March 31, 1998		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
01/13/98	A82416	Price Adjustment on Multiple Award Schedule Contract: R.E. Snader & Associates, Inc., Contract Number GS-03F-4105B for the Interim Period December 31, 1997 Through March 31, 1998		
01/15/98	A60948	Postaward Audit of Multiple Award Schedule Contract: Ashland Chemical Company, Drew Industrial Division, Contract Number GS-10F-7683A for the Interim Period February 1, 1992 Through July 31, 1996		\$794,475
01/20/98	A82104	Interim Postaward Audit of Multiple Award Schedule Contract: Geomation, Inc., Contract Number GS-24F-1489C		
01/22/98	A81508	Interim Period Postaward Audit of Multiple Award Schedule Contract: Plymold Seating, Division of Foldcraft Company, Contract Number GS-27F-5021C		\$510
01/30/98	A72133	Postaward Audit of Multiple Award Schedule Contract: InterVoice, Inc., Contract Number GS00K93-AGS0546		\$36,944
02/10/98	A82105	Postaward Audit of Multiple Award Schedule Contract: Austron, Incorporated, Contract Number GS-00F-0719A		
02/13/98	A72483	Postaward Audit of Multiple Award Schedule Contract: Larscom, Inc., Contract Number GS-00K-91-AGS-0567		
02/13/98	A82422	Postaward Audit of Multiple Award Schedule Contract: Larscom, Inc., Contract Number GS-00K-94-AGS-0451		
02/20/98	A82429	Postaward Audit of Multiple Award Schedule Contract: Larscom, Inc., Contract Number GS-35F-1107D for the Interim Period May 23, 1996 Through June 30, 1997		
02/24/98	A82424	Postaward Audit of Multiple Award Schedule Contract: Furniture by Thurston, Contract Numbers GS-27F-2003B and GS-27F-2004B for the Interim Period October 21, 1993 Through September 30, 1998		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
02/27/98	A52155	Postaward Audit of Multiple Award Schedule Contract: Network General Corporation, Contract Number GS00K92AGS6109		\$3,761,251
03/03/98	A80905	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-26F-1018B, Copier SINS 51-55 (Rental) and 51-57 (Maintenance) for the Period January 6, 1994 Through December 31, 1996		
03/06/98	A82428	Postaward Survey of Multiple Award Schedule Contract: Campbell Scientific, Inc., Solicitation Number FCGR-95-0002-B for the Interim Period March 1, 1997 Through September 30, 1997		
03/10/98	A80906	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-26F-1018B, Copier SIN 51-100, Purchase for the Period January 6, 1994 Through December 31, 1996		\$40,451
03/18/98	A81514	Postaward Audit of Multiple Award Schedule Contract: Second Chance Body Armor, Inc., Contract Number GS-07F-8799D for the Interim Period August 1, 1996 Through September 30, 1997		
03/19/98	A73026	Postaward Audit of Multiple Award Schedule Contract: Sensormatic Electronics Corporation, Contract Number GS-07F-7859C		\$269,297
03/19/98	A83015	Postaward Audit of Multiple Award Schedule Contract: Sensormatic Electronics Corporation, Contract Number GS-03F-4078B		\$880,137
03/23/98	A82431	Price Adjustments on Multiple Award Schedule Contract: Molecular Dynamics, Contract Number GS-24F-1213C for the Interim Period April 1, 1998 Through September 30, 1999		
FTS Internal Audit				
12/12/97	A73905	Review of Hotline Complaint-Collecting Excess Fees for Federal Systems Integration and Management Support Center (FEDSIM) Activities		

Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
Other Internal Audits				
01/22/98	A72126	Audit of Contracting Officer Warrant Program, Region 7		
02/17/98	A71850	Review of GSA's Direct Bill Program for Lodging and Car Rentals		
02/17/98	A72712	Limited Audit of the Chief Financial Officer's Fiscal Year 1997 Section 4 Federal Managers' Financial Integrity Act Assurance Statement		
02/27/98	A72711	Report on Limited Audit of the Administrator's Fiscal Year 1997 Federal Managers' Financial Integrity Act Assurance Statement		
03/18/98	A72713	Limited Audit of the Federal Technology Service's "Minutes of Use" Performance Measure		
03/20/98	A72714	Limited Audit of the Federal Supply Service's "Savings Over Competition for the Market Basket" Performance Measure		
03/30/98	A73902	GSA Needs to Prioritize and Accelerate Year 2000 Computer Conversion Efforts		
Non-GSA Internal Audits				
01/06/98	A83012	Audit of the United States Arctic Research Commission		
02/11/98	A83018	Audit of the Assassination Records Review Board		
02/13/98	A83019	Audit of the James Madison Memorial Fellowship Foundation		
Non-GSA Contract Audits				
10/03/97	A72490	Preaward Audit of Cost or Pricing Data: Shell Oil Company		
01/13/98	A82419	Preaward Audit of Cost or Pricing Data: Shell Oil Company		

Appendix III - Audit Reports over 12 Months Old with Final Action Pending

Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), this appendix identifies those audit reports where final actions remain open 12 months after the report issuance date. The GSA Office of Management and Workplace Programs, Office of Management Services, Administrative Policy and Information Management Division furnished the following information.

Audits with Management Decisions Made after February 10, 1996 for Which No Final Action Has Been Completed

Date of Report	Audit Number	Title
Contract Audits		
02/21/96	A60631	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008
03/01/96	A60327	Report on Audit of Subcontractor's Claim for Increased Costs: Kendland Company Inc., Contract Number GS01P93BZC0003
03/18/96	A60318	Report on Audit of Claim for Increased Costs: Maron Construction Co., Inc., Contract Number GS01P93BZC0003
03/19/96	A61224	Report on Audit of Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: Integrinautics Corporation, Palo Alto, California
04/10/96	A31549	Postaward Audit of Multiple Award Schedule Contract: GF Office Furniture, Ltd., Contract Number GS-00F-07017 for the Period December 27, 1988 Through September 30, 1991
04/23/96	A63622	Preaward Audit of Change Order Proposal: Truland Systems Corporation, a Subcontractor to Turner Construction Company, Contract Number GS-11P91AQC0060
04/25/96	A63615	Audit of Claim for Increased Cost: M & M Welding & Fabricators, Inc., Subcontractor to John J. Kirlin, Inc., Contract Number GS-11P90MKC0129 "NEG"
05/06/96	A63628	Preaward Audit of Cost or Pricing Data: Permanent Solution Industries, Inc., Solicitation Number RFP-GS11P96MJC0009
05/06/96	A63631	Preaward Audit of Cost or Pricing Data: Tex/AM Construction Co., Inc., Solicitation Number GS-11P95MQC0024 "Neg"
05/13/96	A63627	Preaward Audit of Cost or Pricing Data: Landis & Gyr Powers, Inc., Solicitation Number GS11P95MQC0025
05/13/96	A63629	Preaward Audit of Architect and Engineering Services Contract: The Temple Group, Inc., Solicitation Number GS11P95EGD0017
05/13/96	A63632	Preaward Audit of Cost or Pricing Data: Kottmann, Inc., Solicitation Number GSC-KRGB-9602
05/17/96	A41843	Postaward Audit of Multiple Award Schedule Contract: Memorex Computer Supplies, Contract Number GS-02F-6109A for the Period May 8, 1992 Through March 31, 1994

Appendix III - Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
05/23/96	A63626	Preaward Audit of Change Order Proposal: C. J. Coakley Co., Inc., a Subcontractor to Turner Construction Company, Contract Number GS-11P91AQC0060
05/29/96	A10539	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-07F-13738
05/29/96	A10541	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-10F-48876
05/29/96	A10542	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-00F-87668
06/13/96	A63634	Preaward Audit of Cost or Pricing Data: Wm. D. Euille & Associates, Inc., Solicitation Number GS-11P-96-MKC-0010
06/21/96	A60649	Preaward Audit of Architect and Engineering Services Contract: Wank Adams Slavin Associates, Solicitation Number GS-02P-96-DTC-0011(N)
06/27/96	A60637	Postaward Review of Real Estate Taxes: Internal Revenue Service, 1133 Avenue of the Americas, New York, NY 10036, Lease Number GS-02B-22680
07/12/96	A62496	Preaward Audit of Lease Escalation Proposal: One Waterfront Plaza Partners, Lease Number GS-09B-89551
07/16/96	A60659	Postaward Audit of Facility Charges Billed: CSC Consulting & Systems Integration, Subcontractor to AT&T Communications, Contract Number GS00K89AHD0008
07/22/96	A60653	Preaward Audit of Architect and Engineering Services Contract: Severud Associates Consulting Engineers P.C., Solicitation Number GS-02P-96-DTC-0011(N)
07/30/96	A60651	Preaward Audit of Architect and Engineering Services Contract: Flack + Kurtz Consulting Engineers, Solicitation Number GS-02P-96-DTC-0011(N)
08/13/96	A51851	Postaward Audit of Multiple Award Schedule Contract: Tiffany Office Furniture, Contract Number GS-00F-5057A for the Interim Period April 15, 1991 Through April 12, 1995
08/15/96	A51827	Postaward Audit of Multiple Award Schedule Contract: Sybase, Inc., Contract Number GS00K92AGS5576 for the Period September 9, 1992 Through September 30, 1993
08/21/96	A61544	Preaward Audit of a Claim: D. L. Woods Construction, Inc., Contract Number GS05P91GBC0057
08/28/96	A60663	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008
09/06/96	A63643	Preaward Audit of Cost or Pricing Data: Design Management Associates, Inc., Solicitation Number GS11P96MMC0010

Appendix III - Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
09/20/96	A61534	Preaward Audit of a Claim: Marino Construction Company, Contract Number GS05P90GBC0101
10/03/96	A60666	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008
10/15/96	A63647	Preaward Audit of Change Order Proposal: Mahogany, Inc., a Subcontractor of Turner Construction Company, Contract Number GS-11P91AQC0060
10/17/96	A53617	Postaward Audit of Multiple Award Schedule Contract: Cantwell-Cleary Co., Inc., Contract Number GS-02F-6071A for the Interim Period March 31, 1992 Through October 31, 1994
10/24/96	A63649	Preaward Audit of Architect and Engineering Services Contract: Alphatec, P. C., Solicitation Number GS11P96EGD0001
10/25/96	A62501	Preaward Audit of a Claim for Increased Costs: Conco Cement Company, Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034
11/01/96	A21882	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-07065 for the Period November 14, 1988 Through September 30, 1991
11/01/96	A31851	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02598 for the Period August 26, 1988 Through March 31, 1991
11/01/96	A31865	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02046 for the Period December 4, 1987 Through September 30, 1990
11/07/96	A63641	Audit of Claim for Increased Cost: John J. Kirlin, Inc., Contract Number GS-11P91MKC0196 "U"
12/02/96	A40321	Postaward Audit of Multiple Award Schedule Contracts: Spectro Incorporated, Contract Number GS-00F-2362A; and Contract Number GS-00F-93732
12/17/96	A63646	Preaward Audit of Termination Claim: W.M. Schlosser Co., Inc., Contract Number GS11P95-AQC0002
12/17/96	A70606	Postaward Audit of Travel Costs: Centel Federal Systems Corporation, Contract Number GS-00K-89AHD0007
01/10/97	A52159	Postaward Audit of Multiple Award Schedule Contract: Austin Computer Systems, Inc., Contract Number GS-00K-91-AGS-5201
01/16/97	A73607	Preaward Audit of Sole Source Contract: Systems Assessment & Research, Inc., Solicitation Number GSC-TFGD-97-1002
01/24/97	A72431	Audit of Real Estate Tax Adjustments: Pacific Corporate Towers, LLC, Lease Number GS-09B-85185, Calendar Years 1987 Through 1995
02/05/97	A73602	Audit of Claim for Increased Cost: United Sheet Metal, Inc., a Subcontractor to John J. Kirlin, Inc., Contract Number GS-11P91MKC-0196 "U"

Appendix III - Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
02/06/97	A70622	Preaward Audit of Change Order Proposal: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
03/17/97	A72433	Audit of Real Estate Tax Adjustments: L. A. World Trade Center Partnership and Royal Investment System Partnerships, Lease Number GS-09B-85563, Calendar Years 1989 Through 1996
03/17/97	A72451	Limited Scope Preaward Audit of Proposed Overhead Rate: ET LaFORE, Inc., Contract Number GS-08P-96-JBC-0001
03/18/97	A70621	Preaward Audit of a Delay Claim: The Haskell Company, Contract Number GS-04B-31363
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
03/24/97	A72434	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-88163, Calendar Years 1990 Through 1996
03/24/97	A72435	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-91634, Calendar Years 1993 Through 1996
03/25/97	A70306	Preaward Audit of Architect and Engineering Services Contract: R.G. Vanderweil Engineers, Inc., Solicitation Number GS-01P-95-BZC-0047
03/26/97	A72429	Preaward Audit of a Claim for Increased Costs: Columbia Fabricating Company, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034

Appendix III - Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number		Projected Final Action Date
Internal Audits			
03/25/96	A53321	FSS' Stock Program Management Information Systems Need to be Improved to Provide More Accurate and Reliable Information	04/15/99
03/27/96	A43005	Audit of GSA's Aircraft Management Program	03/15/99
03/27/96	A62424	Audit of Criminal History Background Checks for Child Care Center Employees	04/15/98
03/29/96	A42720	Audit of Accounting and Billing Controls Over the Public Buildings Service, National Capital Region's Reimbursable Work Authorizations	09/15/98
08/27/96	A62448	Audit of Background Checks on Contractor Personnel	04/15/98
09/30/96	A61835	Audit of Implementation of PBS's Information Systems Strategy	06/15/98
12/02/96	A63019	Audit of the PAPCAP Price Adjustments	06/15/98
01/13/97	A62503	Audit of Procurement Actions, Central California Field Office, Pacific Rim Region	04/15/98
01/28/97	A63023	Audit of the National Capital Region's Emergency Support Function	06/15/98
02/04/97	A61537	Audit of Postaward Lease Administration: U.S. Bankruptcy Court, Columbus, Ohio, Lease Number GS-05B-15610	12/15/98
03/11/97	A60936	Audit of the General Services Administration's Regional Telecommuting Center Initiatives	04/15/98
03/26/97	A61247	Review of the Public Buildings Service Debarment Program	07/15/98
03/28/97	A71503	Review of GSA's Affirmative Procurement Program	07/15/98

Appendix IV - Delinquent Debt

The GSA Office of the Chief Financial Officer provided the following information.

GSA Efforts to Improve Debt Collection

During the period October 1, 1997 through March 31, 1998, GSA efforts to improve debt collection and reduce the amount of debt written off as uncollectible focused on upgrading the collection function and enhancing debt management. These activities included the following:

- In our "shadowing" with other agencies, we reviewed various reporting systems to see how we might further enhance our current systems. This has resulted in an accounts receivable restructuring team. We have contracted out to a private firm to create a new accounting system to our specifications; we anticipate this system to replace over six databases now used by both Finance offices. This will standardize our internal processes and enhance analytical work and reporting.
- In compliance with the Debt Collection Improvement Act of 1996, the GSA Heartland Region sent 360 non-Federal claims totaling \$1,295,896 to the Department of the Treasury (Treasury) Financial Management Service (FMS) for collec-

tion cross-servicing. GSA received payments from the FMS, Debt Management Service (DMS) totaling \$236,933 for 265 non-Federal claims.

- The update of the Treasury Offset Program (TOP) released by the Internal Revenue Service (IRS) on September 30, 1997, indicates agencies may use either the TOP or the IRS Tax Refund Offset Program (TROP) beginning in January 1998. GSA elected to use the Treasury Offset Program.
- GSA stopped using commercial debt collection agencies (DCAs) shortly after we began sending claims to the Treasury FMS/DMS for cross-servicing. The FMS/DMS cross-servicing fee of 18 percent is less expensive than the DCA collection fees of 21 to 32 percent. In addition, Treasury FMS/DMS sends claims it cannot collect to DCAs for collection.
- The GSA Heartland Region continues to improve the new Accounts Receivable Claims System (ARCS). The new ARCS allows multiple users to access data at the same time and it reduces the time and effort needed to respond to customer inquiries.

Non-Federal Accounts Receivable

	As of October 1, 1997	As of March 31, 1998	Difference
Total Amounts Due GSA	\$29,843,883	\$23,992,730	\$5,851,153
Amount Delinquent	\$18,355,232	\$16,104,809	\$2,250,423
Total Amount Written Off as Uncollectible Between 10/1/97 and 3/31/98	\$968,112		

Of the total amounts due GSA and the amounts delinquent as of October 1, 1997 and March 31, 1998, approximately \$593,000 and \$1,754,000 respectively, are being disputed.

Appendix V - Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the Congress in Senate Report No. 96-829 relative

to the 1980 Supplemental Appropriations and Rescission Bill and the National Defense Authorization Act is also cross-referenced to the appropriate page of the report.

Requirement	Page
Inspector General Act	
Section 4(a)(2) - Review of Legislation and Regulations	29
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies.....	2,10
Section 5(a)(2) - Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	2,10
Section 5(a)(3) - Prior Recommendations Not Yet Implemented	39
Section 5(a)(4) - Matters Referred to Prosecutive Authorities.	34
Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused.	None
Section 5(a)(6) - List of Audit Reports.	41
Section 5(a)(7) - Summary of Each Particularly Significant Report.	2,10
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs	33
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	32
Section 5(a)(10) - Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made	None
Section 5(a)(11) - Description and Explanation for Any Significant Revised Management Decision	None
Section 5(a)(12) - Information on Any Significant Management Decisions With Which the Inspector General Disagrees.	None
Senate Report No. 96-829	
Resolution of Audits	31
Delinquent Debts	56
National Defense Authorization Act	51

Notes

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